

# Individual Development Accounts IDA018 Program Overview

March 26, 2019

# IDA PROGRAM SUMMARY

The Individual Development Accounts Program, or IDA, helps low income families achieve a greater level of self sufficiency and economic stability through the **purchase of assets**.

Indiana's asset development program was enacted through state legislation in 1997.

The federal program (AFI) was developed in 1998, allowing Indiana to combine state and federal resources for matching funds. That program ended in 2016.

# IDA PROGRAM SUMMARY

Assets have been defined as:

- Acquiring Education or Job Training
- Building or Expanding a Business
- Purchasing a Home
- Repairing a Home
- Purchasing a motor vehicle for the purpose of education, job training, or employment

How does the program work?

- An individual or family must be at or below 200% of the federal poverty level.
- Participant must have earned income and demonstrate the ability to save at least \$42 per month.
- The participant saves \$500 per year and is matched 3:1 with \$1,500 in state resources. Participant will save \$1,500 and be matched \$4,500.
- Each participant receives financial literacy and asset goal specific training.

# PARTICIPANT ELIGIBILITY

At the time of application, an eligible prospective participant must meet the following requirements:

- Household income must be at 200% or below the Federal Poverty Level (using the most recent federal guidelines)
- Have earned income at least equal to the amount of his/her annual savings obligation
- Have a net worth not to exceed \$10,000 at the end of the month preceding their application
- Be a resident of the state of Indiana
- Have a SSN for every household member
- Meet any additional requirements required by the IDA Administrator (i.e. service area limits, specific target population and any other requirements set by the administrator).

# HOUSEHOLD INCOME LIMITS

See manual for what constitutes a household and how to calculate income (and net worth) using the Income Calculation Worksheet

Keep an eye out for updated income limits

Household Size	100% Poverty Guidelines	Maximum Household Income Allowed (200% 2019 FPG)		
		Annually	Monthly	Bi-Weekly
1	\$12,490	\$24,980	\$2,081.67	\$960.77
2	\$16,910	\$33,820	\$2,818.33	\$1,300.77
3	\$21,330	\$42,660	\$3,555.00	\$1,640.77
4	\$25,750	\$51,500	\$4,291.67	\$1,980.77
5	\$30,170	\$60,340	\$5,028.33	\$2,320.77
6	\$34,590	\$69,180	\$5,765.00	\$2,660.77
7	\$39,010	\$78,020	\$6,501.67	\$3,000.77
8	\$43,430	\$86,860	\$7,238.33	\$3,340.77
For each additional person over 8 add:	\$4,420			

# EARNED INCOME

Earned Income, as defined by the Internal Revenue Service (IRS), is “all income from employment, but only if it is includable in gross income.” Earned income generally includes all taxable income which individuals receive from working--income that is not taxable generally does not count as earned income.

Examples of earned income include:

- Taxable wages, salaries and tips
- Taxable income from self-employment
- Gross income received as statutory employee
- Federal Program Stipends (i.e. Americorps, Senior Aids, etc.)

# EXCLUDED FROM EARNED INCOME

Excluded from consideration as earned income are:

- Alimony and Child Support
- Welfare Payments (i.e. TANF)
- Social Security Disability Income (SSDI)
- Supplemental Security Income (SSI)
- Interest and Dividends
- Pension and annuities
- Worker's, Unemployment and Veteran's compensation benefits
- Salary deferrals, such as contributions to 401(k) plans, Federal Thrift Savings Plan income.

Applicant can receive any of these; they do not disqualify them from the program

# INCOME ELIGIBILITY DOCUMENTATION

Applicants who wish to have their IDA application accepted for review must submit the following documents as part of their IDA application submission:

- Copy of the most recent two (2) weeks of consecutive pay stubs for all wage earners in the household at the time of application.
- Copy of the prospective participant's most recent Federal tax return (filed less than 12 months prior to date of application).

# INCOME ELIGIBILITY DOCUMENTATION

Other income documentation that may be considered:

- Salary, wage statements or W-2 forms
- Third-Party Verification of employment income (i.e. Workforce Development Wage Determination)
- A statement signed and dated by the prospective participant or his/her parent/guardian, in the case of minors, that the prospective participant does have earned income such as an allowance. NOTE: A statement should be placed in the case file by the IDA Administrator explaining why a self-declaration was used. **This method of documentation should be used only when it is not possible to use one of the above methods.**

# INDIANA RESIDENCY & SSN VERIFICATION

- Applicants must submit a copy of their current driver's license, State issued ID or other residency identification
- Participants in the program must also maintain (permanent) residency in Indiana throughout their participation in the program.
- **Each household member** must present a **valid social security number** as a part of the eligibility process.
  - The most acceptable form of is a social security card.
  - Other acceptable forms of documentation (listed in manual) may be used as long as they are accompanied by photo identification (current or expired)

# CREDIT REPORT

Copy of their credit report and score (cannot be more than 30 days old prior to the application date).

There is no required company that must be used in obtaining such information.

# APPLICATION

You can use either the paper application or find it online here:

<https://www.vistashare.com/ot2/ssview/intake/a53178217d2642d1af35ca3eaeba0212>

If you're interested in using the online application in place of paper ones, let us know

# ELIGIBILITY VS. READINESS

- IDA Administrators must take the time to assess the true readiness of the prospective participant, not just eligibility
- Some questions to consider:
  - Long-term goals?
  - A clear asset purchase in mind?
  - Stable employment?
  - Desire and willingness to successfully complete required training?
- Use judgement and Applicant Readiness Assessment Tool

# Add Your Questions

# SAVINGS PLAN AGREEMENT

Each IDA participant must complete a Savings Plan Agreement that will outline the IDA participants and IDA Administrators' roles and responsibilities.

The SPA must be signed before a participant opens the IDA and is a mandatory part of the IDA program.

The IDA participant should receive a copy of his/her SPA upon execution.

# ACCOUNT STRUCTURE

- IDAs are set up through parallel custodial accounts
  - Savings: Participant Money Only
  - Match: State Funds
- Accounts are jointly owned by the IDA participant and the IDA Administrator.
  - As a custodial account, the IDA participant will have no direct access to the personal savings or matching funds other than his or her deposits
  - All other transactions must be coordinated/approved through the IDA administrator.

# DEPOSITS & MATCH

Each IDA participant is required to make regularly (consistent) scheduled deposits into his or her personal savings account after their initial \$25+ opening deposit.

Accounts should be matched by administrators at least quarterly

## Typical annual saving plan options:

1. Regular Weekly Deposits *(\$9.62/weekly)*
2. Regular Bi-Weekly Deposits *(\$19.23/bi-weekly)*
3. Regular Semi-Monthly Deposits *(\$20.83/twice per month)*
4. Regular Monthly Deposits *(\$41.67/month)*
5. Regular Quarterly Deposits *(\$125/ per three months)*

# DEPOSIT & MATCH

	Participant Savings	State Match	Total
Year 1	\$500	\$1,500	\$2,000
Year 2	\$500	\$1,500	\$2,000
Year 3	\$500	\$1,500	\$2,000
Total	\$1,500	\$6,000	\$6,000

**According to state legislation, IHCD cannot provide more than \$2,400 in match to one participant per year.**

While participants can save more than \$800 in a single year, any amount above that will be matched the following year

# FINANCIAL EDUCATION TRAINING

IDA participants are required to complete at least 6 hours of core Financial Education training.

IHCDA has not mandated a specific financial education that IDA Administrators must use

- See manual for a list of topics as well as curriculum recommendations

Training can be through individual or group meetings, through partner programs within the community, or through an online course.

**Participants cannot make any withdrawals until this training is completed.**

**Training must be completed within first year of program participation**

# ASSET SPECIFIC TRAINING

In addition to basic financial education, each IDA participant is required to complete asset-goal specific training

This training must occur before the first withdrawal.

Asset-goal specific training should last somewhere between 6-8 hours

See manual for recommended topics for each purchase type

# ACCOUNT WITHDRAWALS

Participants can withdrawal funds for an approved asset purchase IF they:

- successfully submitted a program application and all required documentation
- have deposited at least \$25
- completed financial education and asset-specific training
- are in compliance with their Savings Plan Agreement

See Manual page 25 for examples of qualified purchases for each asset type

# EXAMPLE WITHDRAWAL

Participant saved \$500 and received \$1,500 in match  
(\$2,000 saved total)

Participant has a fall semester tuition due of \$800

Because match rate was 3:1 (25% Personal, 75% IHCD) the funds come as follows

- Personal: \$200
- State Match: \$600
- Total: \$800

**Don't Forget to Add Your Questions**

# WITHDRAWAL STEPS

1. Participant notifies administrator of intent to purchase at least **2-4 weeks before** anticipated purchase date
2. Participant gathers necessary documentation for the asset purchase
  - Refer to checklist in Appendix
3. Participant schedule appointment with administrator to complete Asset Purchase Withdrawal Form.
  - Participant should bring copies of any bills or invoices
4. Participant make arrangements with the administrator for the check disbursement to the third-party vendor (not the participant)
5. Participant returns copies of receipts resulting from the asset purchase

# EMERGENCY WITHDRAWALS

Emergency withdrawals may be approved at the discretion of the IDA Administrator at the agency

The following are examples of when an emergency withdrawal may be approved:

- To prevent eviction
- To prevent foreclosure on an IDA participant's primary residence
- To pay for medical care expenses or obtain medical care for the IDA participant, his or her spouse, or a dependent of the IDA Participant
- To pay critical living expenses such as food supplies or heating expenses for the IDA participant following loss of employment

# EMERGENCY WITHDRAWALS

**Approved emergency withdrawals** may only be made from an IDA participant's personal savings account.

- Match funds may **NOT** be used for unqualified expenses, including emergency withdrawals.

All emergency withdrawals must be repaid within 12 months of the withdrawal date.

Once an emergency withdrawal has been approved, **match funds for qualified withdrawals are prohibited until such time that the emergency withdrawal has been repaid.**

Withdrawal process is similar to normal process

# ACCOUNT CLOSEOUT: GRADUATE

A **Graduate** has:

- successfully completed the savings plan
- received all applicable match funds
- made all asset purchases
- completed the IDA program within three years

To close the account, the graduate must complete an IDA Close-out Form

If any funds remain in their personal account, those are returned to the Graduate while any funds remaining in the match account are returned to the state.

The Graduate will be ineligible for an IDA in the future.

# ACCOUNT CLOSEOUT: NON-GRADUATE

A **Non-Graduate** has been terminated from program participation for one of the following reasons:

- Made an unauthorized withdrawal from the personal savings or match accounts
- Voluntarily terminated participation due to personal circumstances or did not find the IDA program to be a good fit for his/her financial status
- Exceeded the three-year period without using all of the personal/match funds
- Moved out of State

To close the account, the non-graduate must complete an IDA Close-out Form

If any funds remain in their personal account, those are returned to the non-graduate while any funds remaining in the match account are returned to the state.

The Graduate will be ineligible for an IDA in the future.

# REASSIGNING PARTICIPANTS

Grantee organizations have the option to reassign participants from an older IDA grant to a new one and vice versa if the organization was awarded in multiple grant years.

An IDA participant must have had a life changing event which alters their life or circumstances in a substantial way.

The agency will be allowed to reassign **one participant** per grant during the term of the grant; exceptions may be made at the discretion of IHCDA

## **This is a complicated process:**

- The match funds must be returned to IHCDA, and then be re-disbursed from the second grant
- The IDA participant must meet/follow guidelines for the second grant
- The empty slot from the original grant must be filled

# OUTCOME TRACKER

Outcome Tracker by VistaShare is the cloud-based client management software used to assist IDA Administrators with case management.

It is critical that all data be both complete and current for reporting purposes.

The U.S. system can be found at [www.vistashare.com](http://www.vistashare.com).

Each new IDA agency program administrator will need to request an account be created by IHCDA so you will have access to the system.

Outcome Tracker **MUST** be used for each IDA participant, from intake to education, asset purchase to closeout.

# OUTCOME TRACKER

IDA administrators must enter case notes in Outcome Tracker and in their physical files regarding major activities that take place with the financial transactions. The case notes should document:

- If the IDA participant changes his or her asset goal
- If the IDA participant closes its IDA and chooses not to participate in the IDA program any longer
- If the IDA participant files an appeal regarding the process and action steps completed by the IDA administrator.
- If and why the IDA participant has been terminated by IHCD or the IDA Administrator.

**TRAINING ON APRIL 2<sup>ND</sup>!!!**

# IHCDAONLINE.COM

To create and submit claims, IHCDA requires IDA Administrators to utilize a comprehensive IDA database system. This system is referred to as IHCDAOnline.com

New IDA agency program administrators must be granted access to the system by IHCDA Financial Operations staff.

**Any issues or questions related to IHCDAOnline should be sent to [claims@ihcda.in.gov](mailto:claims@ihcda.in.gov). IDA program staff will not be able to assist.**

# CLAIMS SCHEDULE

IDA Administrators are required to post deposits and submit match claims in IHCDOnline **at least** quarterly. Deposits and match claims should be posted according to the following schedule.

## Quarter

July 1 to September 30

October 1 to December 31

January 1 to March 31

April 1 to June 30

## Claim Due Date

October 31

January 31

April 30

July 31

# CLAIMS SUPPORTING DOCUMENTATION

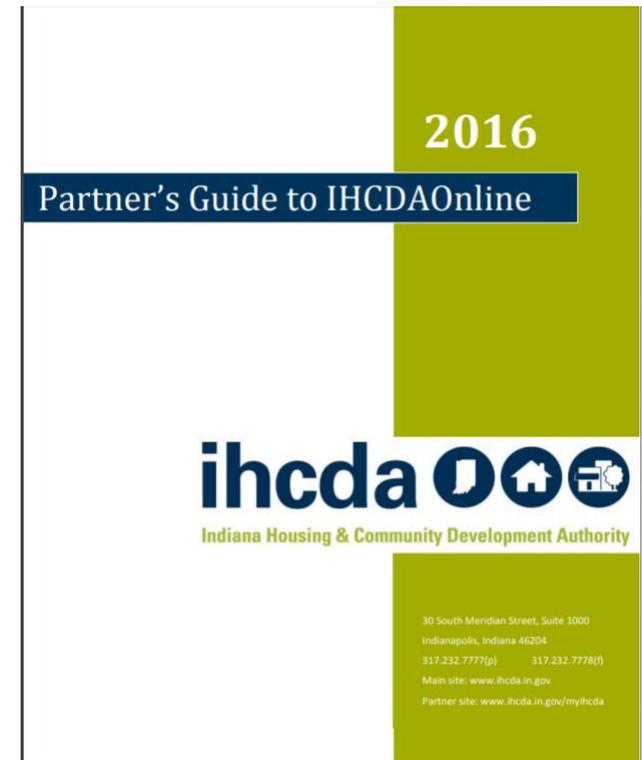
For administrative claims, make sure to have the following supporting documentation:

- Invoices
- General Ledgers
- Payroll
- Receipts

For matching claims, a report run from Outcome Tracker or excel spreadsheet, can be uploaded as well showing the breakdown of individuals receiving match.

# PARTNER'S GUIDE TO IHCDAONLINE

[https://ihcdaonline.com/AuthorityOnline/Training/Partners\\_Guide\\_to\\_IHCDAOnline.pdf](https://ihcdaonline.com/AuthorityOnline/Training/Partners_Guide_to_IHCDAOnline.pdf)



# CLAIMS-REPAYMENT

- Repayment Claims should be completed **whenever funds are being sent back to IHCDA.**
- Usually these are funds from an account that was closed because the participant no longer wanted to participate or was terminated from the program. The funds should be returned the same way they were requested in the first place.
- Closeout forms should be uploaded into [ihcdaonline.com](http://ihcdaonline.com) as supporting documentation for the funds being returned.

Questions?

# PROGRAM ADMINISTRATION

All IDA Administrators receive an IDA Program Participation Agreement from IHEDA to manage the IDA accounts.

The effective date or start date, is the first day that participants can be officially enrolled in the program and be entered into the program administrative database.

The expiration date for the Agreement, is the last day of the agreement and the date all of your accounts should be closed by.

# ADMINISTRATIVE BUDGETS

The administrative budget is not tied to match funds.

- \$500 per account awarded

IDA Administrators are eligible to use the entire admin budget, even if the IDA Administrators do not use all of the match funds.

IDA Administrators must submit expenses within 45 days of the occurrence.

For more information about the required documentation for submitting IDA Administrative claims, see the IHCDA Guide to IHCDAOnline.



Indiana Housing & Community Development Authority

# GRANT CLOSEOUT

No later than forty-five (45) days after the grant agreement expiration date, grant administrators must submit all financial, performance information and other information as required by the terms and conditions their Agreement and the IDA Program Manual.

# RETURN OF FUNDS TO PARTICIPANT

**Step 1:** The agency needs to fully execute the “IDA Account Close-out Form” that the client must sign

**Step 2:** The agency sends the ‘IDA Account Close-out Form” to the financial institution so that they can release funds from the participants’ savings account to the participant.

**Step 3:** The administrator MUST update participant financial information in Outcome Tracker

**Step 4:** Place a copy of the document in the client’s file

# RETURN OF FUNDS TO IHCDA

**Step 1:** The agency sends the ‘IDA Account Close-out Form’ to the financial institution.

**Step 2:** Enter the claim in IHCDAonline for the matched savings account within 5 business days of submitting the close-out form to the financial institution. Make a copy of the ihcdaonline Claims receipt.

**Step 3:** Update IHCDA match funds in Outcome Tracker

**Step 4:** Email a copy of the following documents to [IDA@ihcda.in.gov](mailto:IDA@ihcda.in.gov):

- The Executed “Close-out Form”
- The claim Receipt

**Step 5:** Place copy of all documents in the participant’s file.

# MAINTAINING PARTICIPANT FILES

Good program management is not limited to case management; it also extends to an organization's record keeping practices. IDA Administrators are responsible for keeping comprehensive and up-to-date IDA participant files.

## Client Files:

1. Represent the implementation and outcomes of IDA policies
2. Tell the entire story of the participants progress and should be clear to anyone reviewing the file

## Elements of a Good Client File

- **Readable:** legible information in a logical order
- **Certified:** Appropriate documents are signed, dated and approved
- **Transparent:** The client has been served according to the program guidelines
- **Consistent:** All files are similar in set up, content and clarity
- **Secure:** All information should be safely stored and secured

See Manual for recommended file format

# REQUIRED REPORTING

It is **vital** that IDA Administrators maintain up-to-date information on all participants in Outcome Tracker.

- This is the main system IHEDA uses to evaluate IDA programs

IHCDA will also request a semi-annual Account Status Report. Program Administrators must return completed reports within 30 days. Administrators will receive the reporting document via email.

# INTERNAL CONTROLS

All agencies are required to have internal controls that are designed to follow the IDA program administration policies and procedures. These controls ensure program performance and integrity and protect against fraud, waste, and abuse.

Agency internal controls policies must include:

- How to complete an application with proper signature approval process outlined
- How to complete the eligibility review and assessment(s)
- How to retain copies of identification and social security cards in participant files or other locations
- How to approve IDA participant files for employees, board members, or families of either employees or board members
- How to ensure confidentiality
- How to approve and complete withdrawals and asset purchases
- How to properly close an account at the agency, at the bank, and remit information to IHCDA
- How to close a contract with IHCDA

# MAJOR CHANGES TO MANUAL

IDA Applicants must supply a credit report and credit score that is no more than 30 days old

Net worth of IDA Applicant is calculated from the preceding month, rather than preceding calendar year

Adoption Assistance Payments were added to the excluded income list

Program project period is now three years

Core financial training is now 6 hours

# MAJOR CHANGES TO MANUAL

Eligible owner-occupied repairs are clarified

A startup payment of 20% for OOR is now allowed

General ineligible expenses are defined: lease payment, loan payment, mortgage payment

Reassigning participants between program years is now limited to one per grant

All participant documents must now be uploaded to Outcome Tracker

\*\*Program year switching to July-June

# APPENDIX BREAKDOWN

## Required

- Asset Purchase Withdrawal Form
- Close Out Form
- Credit Report Authorization
- Household Member Zero Income
- Grant Reassignment Affidavit
- Income Calculation Worksheet
- Participant Application
- Emergency Withdrawal Form
- Savings Plan Agreement

## Resources

- Applicant Denial Notification
- Applicant Readiness Assessment
- Asset Purchase Withdrawal Checklist
- Checking Award Balance on ihcdaonline
- Directions for Processing a Claim
- Program Definitions
- Training Log
- Vehicle Purchase Plan
- Participant File Guide
- Participant Welcome Letter
- Program Marketing and Retention
- Program Resources
- Program Year reference Guide

# Answers!